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ABSTRACT

This analysis is the fourth of a series of seven reports on the ways that the urban fiscal crisis has affected children. Privatization and coproduction have resulted in short-term gains in the provision of children's services in numerous California communities in response to the tax limitations imposed under Proposition 13. Children's services were particularly vulnerable to budget cuts in recreational, educational and cultural programs. Privatization describes the transfer of the administration and financing of a previously public service to non-governmental organizations; coproduction describes the collaboration of local government with private organizations. The following examples are discussed: (1) management reform; (2) private fundraising; (3) grass-roots volunteerism and organization; and (4) new non-governmental programs. Oakland (California) is used as a case study of the following applications: (1) coproduction of recreational and cultural services; (2) creation of a new school-age child care program; and (3) fundraising for public schools. Although the short-term benefits of such a pragmatic approach are undisputed, further research is needed to determine the long-term implications for social equity and the political process. A list of 13 references is appended. (FMW)

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Responses to Local Fiscal Stress: Privatization and Coproduction of Children's Services in California

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Introduction

By early 1983, four-and-a-half years after the passage of Proposition 13, it was hard to truly shock the California electorate with news of impending fiscal disaster. The state did temporarily go over the symbolic brink by issuing a few IOU's in lieu of checks, before a compromise revenue and spending plan was agreed upon by the legislature and new governor. And local governments were facing the apparent end of the state "bailout" funds, which had since 1978 replaced some of their lost property taxes. These events validated predictions that many observers had made several years earlier, based on the projected depletion of the state's revenue surplus. Yet by 1983 Californians had become accustomed to the seasonal alarms of budget shortages. They had come to expect public officials to regularly predict catastrophe, but had also come to expect them to integrate the practices of cutback management into the routines of public administration. Fiscal stress was no longer primarily a matter of crisis-hopping, it had become a continual, year-round political and economic context.

This transition to an ongoing climate of fiscal austerity has affected the ways in which local governments provide services. The changes have not been limited to technical adjustments intended to improve the efficiency of programs and facilities, though there has been much of that. Nor have the changes been simply reductions in the scope of government programs, though such reductions have been the most basic form of cutback

management. There have also been more qualitative changes in the relationships between governments and individuals in their capacities as clients, consumers and citizens. There have been innovations in the role of non-governmental organizations as providers of services. These qualitative changes, while spurred by fiscal austerity, are rooted in a variety of critiques of urban services that predate tax limitation measures, the state revenue crisis and federal budget reductions. In many ways post-Prop 13 California has become a testing ground for previously abstract or untried proposals about local government. And in no sector has there been more of this experimentation than in cultural, educational, recreational and developmental programs for school-age children.

This article is an analysis of the shifting styles of providing services to children, focusing on privatization and coproduction strategies developed at the local level in California since 1978. These strategies range in scope from the proverbial bake sale to multi-million dollar contracts involving complex tax shelters for investors. Some of the efforts are designed to increase the voluntary labor and financial contributions of parents without altering the structure of public management or decision-making. Others are intended to foster new or expanded non-governmental children's programs in place of, or in competition with those of school districts, cities, counties and special districts. Some have been controversial since their inception, while others have thus far enjoyed

approval by a broad consensus of citizens. Few of the changes have been analyzed in terms of their impact on families or on the political and fiscal circumstances of their communities.

Privatization, a term that has been used in different ways, is intended here to identify a transfer to non-governmental organizations of responsibility for the administration or financing (or both) of a previously public service. Coproduction refers here to expansion of the role of clients or citizens in any aspect of the service delivery process in conjunction with an ongoing public agency. The privatization rubric has always included arguments for the replacement of government bureaucracies with market-style mechanisms. It has also encompassed advocacy of greater service provision by traditional non-governmental "mediating structures" such as churches and voluntary associations. Critiques of the abuses of power by "the helping professions" have fueled movements for new forms of human services that are organized according to principles of client self-help and cooperative management. These three different strands in the criticism of existing service provision overlap in some respects, but they emphasize sharply contrasting images of democracy and political accountability.

No matter how combative the theoretical arguments for privatization may be, a great deal of the actual encouragement of non-governmental service provision has come from local governments themselves. The concept of coproduction, used mainly in the public administration literature, exemplifies this collabora-

tive thrust. Maximizing individual and collective voluntary efforts, and joint planning between government and private service providers or corporations are among the more significant aspects of coproduction.

Clearly there are many different tendencies in the general trend toward expansion of non-governmental service provision. Some projects require collaboration of public and private institutions, and may even be initiated by government. Other tendencies are vehemently "anti-state" in their rhetoric and philosophy. Some of the latter group follow from conservative social theories, while others, particularly the critique of hierarchical professions, have emerged from new left and feminist experiences and writings. And, in many of the more modest experiments, the activists would have little use for discussion of the theoretical fine points of pluralism or market efficiency or community control. Instead, the new non-governmental responses are seen as a practical, common-sense, non-ideological necessity in the face of shrinking resources.

While there is no unified movement for privatization or coproduction of services for children, the various tendencies are united by their shared political and economic context of fiscal austerity. The next section of this paper will outline an analytical framework which locates non-governmental service strategies within the broader process of political and social responses to local fiscal stress. In that section we will also endeavor to explain the particular vulnerability to budget

cutbacks of recreational, educational and cultural programs for children. This will be followed by a survey of experiences in California since 1978, to establish the diversity and scope of privatization and coproduction activities. Then we will present a case study of Oakland, a city in which examples of most of the strategies can be found.

Because most of these activities have begun only recently, and because data sources for systematic comparison are extremely rare, our empirical research is exploratory in nature. The goals are to identify trends, to establish meaningful categories for subsequent analysis, and to draw from the case materials indications of the political, fiscal and social consequences of these strategies. Most of the strategies have been implemented without prior estimation of their consequences. While the ideological debates continue it will help to have more empirical data on the early outcomes of privatization and coproduction for children, families, local governments and private organizations.

Children's Services and Fiscal Austerity: An Overview

As in most states, California's cities, counties, school districts and special districts, have traditionally provided a range of cultural, recreational and ancillary educational services for young people. These programs represent opportunities for children to develop intellectual, athletic, creative and social skills in non-coercive, broadly accessible situations.

In recent years they have also become an important form of day care for children whose mothers are employed outside the home. The services thus address several fundamental social goals: guidance and control of children and youth, cognitive development, and custodial care, as well as the more immediate objective of providing recreational opportunities for school-age children. The broader social goals are ones that out-of-school services have always shared, sometimes uneasily, with the regular school curriculum, the juvenile justice system, and various public and non-governmental social welfare agencies.

These out-of-school programs for children are especially vulnerable to fiscal pressures at the local level. The vulnerability is not the result of massive public disapproval or a particular record of ineffectiveness or waste, compared to other services. Rather, the programs are susceptible to relatively larger budget cutbacks because of their uncertain and changing social role.

This uncertainty, which has dogged out-of-school children's services since the late 19th century, encompasses several questions: How important are these services to social stability and to young people's intellectual, physical and emotional development? To what extent ought they be publicly provided or financed, and where do the responsibilities of parents and non-governmental institutions end? Are they, in a word, "essential" public services? Uncertainty on this last point often translates into lower priority in the budgeting process.

The contemporary collection of local out-of-school services reflects decades of social and economic change and the continual interplay between governmental and non-governmental agencies. For example, the original urban recreation departments and libraries were private charities which were turned over to cities early in the century, when they had outgrown philanthropists' resources. In the 1930's and 1960's the federal government supplied temporary fiscal relief for these agencies, and also introduced into them a number of socially-oriented youth programs.

Private foundations have also instigated innovation in programs for children and youth, in both government and non-profit agencies. And the private non-profit sector, once very independent of public financial support, has come to rely heavily on government funds through service contracts, subsidies for client fees, and job training grants. All this interaction suggests that "public," "private" and "local" are more relative than absolute attributes of most programs.

In each decade, public and private services for children and youth have been reoriented to address some highly visible social problem. In the Progressive Era the problem was the "Americanization" of urban immigrants; during the Great Depression it was massive youth unemployment; and in the 1960's the alienation of young people in central city ghettoes. In the 1970's the services took on--or were drawn into-- the struggles of a wide range of population groups who had largely been excluded from cultural and recreational programming. To their credit most central city

departments made progress in this regard, usually without a great expansion of their budgets. There was ethnic diversity in library collections for the first time; efforts to expand athletic opportunities for girls; outreach programs for the disabled; and in general a recognition of life circumstances and life styles that had been overlooked.

Simultaneously, there was growing recognition of the problem of supervision for many school-age children in the hours before and after the school day. There had always been some children left on their own, but the vast increase in the proportion of school-age children with mothers in the paid labor force broadened the issue and outstripped the capacity of existing programs and facilities. This lack of supervision came to be seen as a contributor to lower economic productivity, since working parents' absenteeism is higher when child care is inadequate, as well as being a problem for the children themselves. The phenomenon of "latchkey kids," those who returned home alone every day after school, began to command attention, and in many cities new or expanded programs were developed for them. School district officials for the most part acknowledged the supervision problem and its consequences for the learning process, but were not in a position to lend more than encouragement and occasionally, facilities to the new "extended day" programs. Child care centers operated by school districts with state aid provided a limited amount of care fow low-income school-age clients, but were not able to substantially increase this aspect without jeopardizing the finances of their

pre-school activities. Employer-sponsored child care activities, also traditionally concerned with pre-schoolers, began to experiment with information and referral and financial support for school-age programs.

Today, the concern for school-age child care is developing into a movement, complete with specialized conferences, technical assistance manuals and lobbying groups.[1] Explicit recognition of the needs of this group of children still would require a rethinking of the practices of many institutions that serve children. School-age child care has been provided by a mixed collection of governmental and non-governmental programs that includes many agencies not usually viewed as child care providers per se. Municipal recreation departments and libraries, along with venerable non-profit youth agencies such as YM and YWCA, Boys Clubs, Girls Clubs, 4-H and others are finding out that more and more of their offerings serve as de facto child care for families with working mothers. Museums, churches, community centers and public and private schools that offer late afternoon activities are finding a similar new calling as child care--and a resulting tension between competing program objectives. This collection of agencies provides services on a continuum that ranges from casual drop-in centers to completely structured five-days-a-week before-and-after-school experiences.

Fiscal austerity is forcing the issue of responsibility for school-age child care by increasing the competition for public resources at a time when demand for certain services is growing. Proposition 13, with its immediate and delayed impacts on children's

services, should be understood in this context of the diversification of constituencies for the services.

The responses of California's state and local governments to Proposition 13 have been well documented, and several studies apart from those of the Children's Time Study contain valuable information about the consequences for the budgets of children's services.[2] These reports have generally recognized the fact that distribution of the state surplus forestalled truly massive cutbacks, and that communities varied greatly in their capacity to generate new revenue sources or impose budget reductions without impairing services. There has been near universal agreement in the literature that certain budget priorities have been similar in all kinds of communities: "non-essential" recreational and cultural programs have borne the highest proportional cutbacks in cities and counties; and extra-curricular activities, athletics, and creative and performing arts have, along with summer school, taken the deepest reductions in education budgets. A 1981 study by the Children's Time Study documented the emerging trends.[3]

- Statewide, since 1978, public libraries, a large proportion of whose users are age 18 and under, have closed 8 percent of their facilities, laid off 10 percent of their employees and reduced hours of service by 14 percent.

- State support for summer school, which had served 860,000 kindergarten-eighth grade children in 1977, was virtually eliminated.

- The introduction of fees for users of services became a widespread practice. By mid-1979, 85 percent of the local parks and recreation agencies in the state had raised fees, with increases ranging from 30 percent to 480 percent.

- Almost every California city reduced operating hours at recreational and cultural facilities, typically to three or four days per week, with little or no evening service.

- Personnel layoffs and reassignments reduced the number of specialized, trained staff and the quality of instruction in arts, athletics and other program areas. This had a greater negative impact on children whose parents cannot afford the cost of private alternatives.

- Elimination of "outreach projects" such as bookmobiles and traveling museum exhibits became a common practice, reducing the salience of the services to many ethnic communities whose cultural needs and interests had only recently been recognized by these agencies.

In the intervening two years since this 1981 report, these trends have continued--a phenomenon linked to the reduction of CETA and other federal programs and the recession-induced decline in local revenues. Further, with future prospects for state general financial assistance to local governments in

doubt, we must assume that the children's services will face at least as difficult a period in comparison with other local budget priorities as they have since 1978.

Several factors beyond their characterization as "non-essential" contributed to the larger budget reductions absorbed by cultural and recreational programs. They did not often have highly organized or vocal client constituencies at the city-wide level. Though groups frequently mobilized to argue for particular facilities (e.g., parents united to try to save their neighborhood playground, or seniors organized to maintain a putting green or rose garden), these sporadic efforts did not generally change interdepartmental budget shares.

Professionals in libraries, recreation and school-age child care could not generate political influence comparable to that wielded by classroom teachers, police or firefighters, at either the local or state level. One side effect of Proposition 13 has been, however, increased sophistication of the Sacramento lobbying, local organizing and statewide communications of professionals in the smaller, less well established services. These services also were vulnerable because they had the highest proportions of temporary and part-time employees, who were administratively and politically simpler to lay off. And unlike some aspects of school curriculum, few if any recreational or cultural programs were mandated by state law. In fact, in the case of school-age child care at school sites, state funding and safety regulations sometimes created strong disincentives to maintaining after-school programs.

Given all of these political and bureaucratic liabilities, the managers of out-of-school services have had to develop sharper organizational skills. In a series of interviews with managers of agencies serving children in several Bay Area cities, we learned how their situation has changed. Department heads are in a pivotal position in the cutback management process, having to translate general budget reductions into decisions about the future of specific personnel, programs and facilities. Several department heads told us that the austerity made some of their long term reorganizing plans easier to implement: it was now easier to "get rid of dead wood" or to close inefficient small branches. Several reported that budget analysts from the city manager's or mayor's office were scrutinizing their departments' performance records more closely than before Prop 13. In a few instances, such as the Alameda County library system, employee unions and the administration developed competing proposals for cutback management and vied for the support of the service users and elected officials. In all the agencies studied, oversight by their city councils was generally restricted to a small number of controversial budget items each year, leaving most of the administrators' budget decisions intact.

Almost from the time of passage of Proposition 13 service managers, employees and concerned parents began searching beyond local and state budgets for new resources for children's programs. A certain amount of discretionary money could be generated through

more efficient management, and steps were taken in that direction with useful, if not spectacular results in many cities. But the larger target for new resources was thought to be the private sector: the business community, the non-profit and profit making service providers, the organized interest groups around each public service, and the great numbers of individuals and families. If raising taxes was to be difficult, then other ways of soliciting funds or human resources could be developed. If government agencies could not expand or even maintain their programs, then other organizations could be employed or even created. Howard Jarvis, coauthor of Proposition 13, had preached a gospel of smaller government. Many people in California who did not share his conservative philosophy found themselves experimenting, out of necessity, with alternatives to local government.

Coproduction and Privatization after Proposition 13

A. Management Reforms.

Beyond implementing budget cuts, service administrators were also charged with improving the efficiency and cost-effectiveness of their agencies. At first glance the sheer volume of innovative practices begun since 1978 by California cities is impressive: the League of California Cities and the California Taxpayers Association have each catalogued hundreds of reforms, and theirs are not the only accounts.[4] The League President, a council member from Long Beach, ascribed city governments' new found "flexibility and determination" and willingness to take risks directly to the taxpayers' revolt and fiscal crisis. The new practices include productivity improvements; contracting with private firms; reorganization of billing and permit procedures; and joint ventures among neighboring cities (typically to share the costs of a large facility). The activities are being undertaken in small rural townships, large suburbs, and the state's major central cities.

A closer examination of the collections of short-term management reforms suggests that they do not by themselves represent a solution to the fiscal stress of California's cities. Their limitations include the following points:

- Some "innovations" would be more properly be labeled "concessions" by employees. They are the outcome of bargaining, and while they may save money for a city, they are not intrinsically better ways of providing services. Examples from the League of Cities collection include downgrading job classifications and limiting employees'

vacation time carryover. In addition, many cases of contracting-out have based their cost-savings solely on the lower wages paid to private employees, a sore point with many unions, among others.

- Some of the reforms would have been carried out anyway, in any fiscal climate. Reforms in this category include newly available cost-saving technology, especially in data processing and energy conservation.

- Most of the reforms to date have been in central administration--the office functions which are being so dramatically transformed throughout the economy--and in public works and facilities maintenance. Very few innovations in the social or human services run by cities have been documented.

- The overall financial impact of these reforms does not appear to match the magnitude of the projected budget shortfalls for the coming years.

These limitations are not presented here to denigrate the substantial efforts of California's municipal managers, but to place them in perspective. Perhaps the most significant impact of these reforms will be to help restore public faith in city government. The voters who supported Proposition 13 partly in order to "cut the fat" may be more willing to vote for future tax increases or to voluntarily support city services with their time and money, if they believe those services are being administered efficiently.

In none of these reforms have public administrators relinquished any real authority to private organizations, nor have

citizens been given any more choices. The lack of opposition to most of the changes can be attributed to this lack of political issues. Privatization proposals stir more controversy when they would create new patterns of influence over key service decisions.

B. Private Fundraising.

If local governments are becoming more "businesslike" in their administrative procedures, they are even more thoroughly emulating private sector advertising and sales functions. Governments in California have been "selling" park benches and public buildings in unprecedented fashion, and are arranging numerous tax-exempt foundations through which citizens are urged to voluntarily support public services. There is no central data source on the cumulative impact of these innovations, but they have certainly attracted a great deal of attention.

In 1979 Menlo Park (population 27,000), a middle class suburb between San Jose and San Francisco,became the first city to publish a "gifts catalog" of facilities and services that residents could support. Tax-deductible donations are used for parks and recreation equipment, programs, and landscaping. As of November 1981 over $10,000 had been raised.[5] A similar recreation catalog in Berkeley, a larger and more heterogeneous city, has thus far been very unsuccessful. Berkeley had already voted a tax increase to fund its library and an assessment district to pay for streets and lighting. Either the catalog was not well publicized or convincing, or it was simply one reminder too many of the costs of government.

Cities and school districts have been arranging other

instruments for soliciting funds for children's programs. In Los Angeles the parks and recreation department, which has closed 24 small centers, has encouraged private contributions to its neighborhood programs. As a result, the $100,000 in private funds raised in the middle-class Northridge area is used there, while the neighbors in the low-income South-Central district have raised only $2500.[6] The city initially planned to cut its own budget by larger amounts in the wealthier areas to even out this disparity, but was forced by political pressure into a policy of equal cuts in all neighborhoods.

A policy of centralizing all private donations would have eased this equity issue for Los Angeles, but probably would have drastically cut down the amount raised. A recreation center or a neighborhood school is a much more personal and meaningful manifestation of government than is city hall or the school board, at least in a large community. Consequently the more direct the connection people have with the program or facility to be supported, the more they can be expected to give. Most of the school districts that have raised substantial private funds are not only wealthy but also small. (A profile of one of them, Piedmont, is included in the Oakland case study.)

There are now 33 school districts in California with "citizen education foundations," out of 1043 districts in the state. Most of these foundations have been created since 1978, though the fiscal crisis of California's schools has many causes in addition to Proposition 13. The Serrano decision, which mandated interdistrict equalization, combined with Prop-

osition 13's local revenue limit to give the state responsibility for more than 75 percent of all school expenditures. And as revenues have been centralized, spending per pupil and per capita has been dropping relative to other states. Districts in communities of all kinds have made substantial budget cuts.

The most common type of foundation raises money from parents and local businesses through volunteer efforts, and turns the funds over to the district to replace budget items. These items usually include extracurricular activities, recreation facilities, and elective courses, since they are more likely to be funded by discretionary money. Though these expenditures are by some standards less "essential" than the core curriculum, they symbolize quality education to many parents.

Most of these foundations are in the state's wealthiest districts, such as Hillsborough, Beverly Hills, and Piedmont, where they now account for fully 10 percent of the school budget. In communities of more modest means (including Modesto, Martinez, and Culver City), the proportions are much lower.

A second type of foundation, such as the ones in San Francisco and Oakland, operate more independently of the district administration. They raise more of their money from the business community, and their boards make grants to schools and programs of their own choosing. While they are among the largest educational foundations in the state, they represent less than one percent of their districts' budgets.

The foundations have generally been lauded for their stimulus to community involvement in the schools. One magazine

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writer enthused about the volunteers: "They're marching into the private sector as never before, and they're coming out with a commitment that puts the 'public' back in public education."[7] Of course, if in the long run the foundations reintroduce serious interdistrict spending inequalities, they would perhaps more aptly be characterized as "reprivatizing" public school finance. Thus far, even staunch supporters of equalization have only praise for the work of these foundations, since they are buttressing a shaky institution--the California public school.

After the passage of Proposition 13, there was a spurt of corporate philanthropy in excess of the usual amounts. Since corporations received more than two-thirds of the $7 billion in property tax relief, this generosity was at least in part an effort to improve their public image in a volatile political climate. Since public recreation programs were scheduled to receive the earliest and largets cuts, they received many of the new corporate donations. Since that summer of 1978, there has not been another such period of intensive, publicized philanthropy. Corporate leaders have definitely built stronger connections with the public schools in that time, however, at both the state and local levels. The California Roundtable, a business group, has close ties to the new state Superintendent of Public Instruction, and some of its members have advocated higher school taxes this year. Locally many companies lend executives to school districts to help them improve management, or they "adopt" a school and provide both financial and human resources.

Administrators and residents have devised a number of other entrepreneurial strategies for raising marginal but still important amounts of money. Perhaps the most novel and complex approach, sale and leaseback of public buildings, will be discussed in the Oakland case study.

The quest for private dollars to replace tax revenues has brought out the ingenuity, perseverance, and generous spirit of many Californians, and has brought some of them closer to their institutions of local government. These qualities should be appreciated in their own right, not only as instrumental goals in the perpetual search for ways to balance budgets. The short-run fiscal consequences have been very beneficial for children in a small number of communities, and marginal for the rest. The total amounts that have been raised pale in comparison to the transfer to the prive sector inherent in Propostion 13, but the impacts on certain specific programs have still been substantial.

There are long-term consequences to reliance on the private sector for support of public services, which Californians will begin to address in the coming decade. Will interdistrict or inter-city spending differentials increase, based on the ability to "voluntarily" contribute? Will intra-city differentials such as those in Los Angeles contribute to political fragmentation of the larger community? Will corporations gain control over sensitive aspects of educational policy in return for their contributions to the schools? At present, none of these prospects are cause for alarm among the new breed of public fundraisers.

C. Grass-roots Voluntarism and Organization.

Parents faced with cutbacks in their children's services following Proposition 13 could take several approaches to the problem, in addition to the financial contributions discussed above. One course of action was to organize neighbors to demand the restoration of services. In some locales, notably Alameda County, community-labor coalitions assembled out of a diverse set of employees, "alternative" social service agencies, and clients. More frequent were small-scale defensive actions organized by parents concerned with a particular facility. As noted above, these actions often won temporary respite from closing, but the shift of resources was usually from another part of the recreation and cultural budget.

Parents had several other options in response to cutbacks, including collective and individualized strategies. In several cities the government entered into formal agreements with neighborhood groups whereby the neighbors would do the routine maintenance for new parks or recreation centers. (Since capital construction funds were more abundant than operating budgets, facilities were still being built.) More common was an upsurge in the size and aggressiveness of support groups for libraries, parks and recreation, and museums. Statewide the use of volunteers in public libraries increased 282 percent.[8] Much of their time was spent on clerical tasks formerly done by CETA/workers. Many cities hired paid volunteer coordinators for the first time, and took pains to calculate the savings resulting from unpaid work. (In the San Diego

public library volunteer labor in 1982 was equivalent to that of 17 paid employees.)[9] Volunteers have also provided the majority of the activists who have lobbied city council members and state legislators. They usually, but not always, work in concert with department heads in these efforts. (In San Francisco the Zoological Society and the Zoo director have been in serious disputes over management issues.) There has also been a real, if intangible shift in the way that volunteers are perceived by service workers. While many thorny issues about the substitution of unpaid for paid staff remain, there is a greater sense of respect for the volunteers' political skills and perseverance.

In the past decade many parent cooperatives for child care have been started in California. There is anecdotal evidence from Alamenda County that a number of new cooperatives for the care of school-age children formed after the closing of summer school and playgrounds.

All these forms of activism and service attest to the value which many parents and others placed on cultural, recreational and child care programs. The increases in unpaid hours are all the more telling given the large number of women in the paid labor force. It is equally apparent that this kind of activity is not in itself an answer to fiscal stress, for most service work still requires professional, full-time employees. Within these broad limits, however, a significant part of the public sector has been maintained since 1978 as a result of these efforts.

The encouragement of this kind of citizen participation is basic to any model of the coproduction of services. In fact most

examples in the literature on coproduction are of less time consuming and less altruistic forms of citizen involvement (i.e. putting your trash can at curbside to speed pickup, or installing a smoke detector in your home.)[10] Public managers who would maximize coproduction of children's services have several factors to evaluate, including the hidden costs of coordinating and monitoring citizens' activities, and the necessity of sensitizing staff and volunteers to each other's roles. The post-Proposition 13 experience suggests that these are serious issues but usually worth the effort.

D. New Non-governmental Programs.

In the strictest sense, privatized responses to reductions in children's services have been beyond calculation: every children's book purchased that would have been borrowed from the library, and everyvideo game played in lieu of an organized recreation program would qualify.[11] Yet while these individual behaviors were certainly commonplace, the creation of new organized programs was not very extensive, with some important exceptions.

Summer school was cut back 95 percent after Proposition 13, and several enterprises sprang up to recover some of the nearly one million students who had attended the year before. The American Learning Corporation, the largest of the new providers, made initial arrangements with 48 school districts but found sufficient demand to sustain only half of their programs. They charged $160 for a six week session. Other new operators found similar responses to

programs with comparable fees and curricula. There is no survey data on how most California young people spent their recent summer vacations.

Activity has been more brisk in the creation of new school-age child care programs. This cannot be as directly attributed to Proposition 13, however, since many of the programs had no governmental counterpart prior to the initiative. Instead, it is safe to say that in the absence of a fiscal crisis more of this demand would have been directed at public schools and recreation departments.

Most of the child care for school-age children has been developed by established non-profit agencies, often located in school facilities. There are47 sites of the YMCA Latch Key Program in the San Francisco Bay Area, for example, with an average of 50 elementary school-age children at each site. The first Latch Key Program, featuring before and after school recreation and education for children of working parents, opened in Portland, Oregon in 1969. The founder of that first center now works in Oakland for the YMCA, and there are hundreds of program sites across the country.[14]

The Latch Key Program, for which fees range from $1 to $2 per hour, has waiting lists at most of its sites and a generally good reputation for high quality care. They have tended to locate in schools in neighborhoods where most families can afford the fee. Comparable fees are charged at the Big Kids' Center, a service of Palo Alto Community Child Care. PACCC is a network of centers and

referral services that has grown from small, grass-roots cooperative beginnings. The Big Kids' Center (for children 11 to 14) occupies one room of a school site that has been given over completely to child care. The Center holds 16 children, and the director knew of no other one like it in the Palo Alto area.

One interesting aspect of these non-governmental programs is that aside from residing on school sites and following state and local codes, they utilize parks, recreation facilities, museums and libraries in the course of their activities. Once again, a sharp distinction between public and private would be somewhat artificial. A recent conference on school-age child care in Northern California showed that the representatives of schools, city governments, state regulating agencies and grantmakers, family day care providers and directors of non-profit agencies saw themselves as a single community. Thus even though the environment of school-age child care has many characteristics of a private market, it is inextricably connected to the policies of a raft of government agencies. It is what analysts of privatization have called a "quasi-market," with conceptual, political and operational constraints on its producers and consumers.[12] The situation is new enough that not even the major players are certain how the constraints ought to be altered to facilitate growth of an equitable service system.

Children's Services in Oakland

All of the major trends which have been described in this paper can be found in Oakland. Its financial status has required service cutbacks as severe as any California city, and this has prompted a wide array of coproduction strategies. The city's demographic and labor force composition ensures that affordable child care will be a pressing issue for many families. And major economic redevelopment activity has brought the business community into planning for the education and child care needs of the future workforce. We can develop a more thorough understanding of all the elements of change in children's services by examining their juxtaposition in one community.

Context

Oakland is California's sixth largest city (population 339,000) and one of its most heterogeneous. Twenty-seven percent of the children under the age of 18 live in families below the poverty level, one of the highest proportions in the state. Forty percent of the families with children under 18 are headed by women, compared with a national average of 17 percent.[13] Blacks comprise nearly half the population and whites 40 percent, with the remaining population roughly equal numbers of Hispanic and Asian Americans. The city is by no means only a low income minority ghetto, despite the concentration of poor people. Large sections of the city are middle and upper

income residential districts, and the waterfront and downtown areas are undergoing a revitalization of major proportions.

The city and the school district (with identical boundaries) have been severely constrained by Proposition 13 and attendant fiscal stresses. Oakland's revenue base (principally sales and property taxes) has grown more slowly than average for the state, and the city's heavy reliance on federal aid programs has meant serious cutbacks as those sources dwindle. The post-Proposition 13 budget reductions summarized above have all been felt in Oakland, where one fourth of the municipal workforce has been lost since 1978. The school district, while less dependent on local revenues, has also had to lay off several hundred employees and eliminate many programs, despite a recent upturn in enrollment.

The city administrators have employed many techniques to improve efficiency and generate revenue, including swifter tax collection and a streamlining of the budget process. The city has raised its business license tax and virtually all its permit and license fees, and has funded its large employee pension liability with a recent property tax override. Oakland is still relatively successful at attracting grants for economic development, and has recently experienced a small building boom downtown. It is hoped that the new office, commercial and light industrial development in the next decade will provide the major boost to the revenue base that will make further piecemeal, stop-gap measures unnecessary. In the meantime the city faces at least several more years of tight budgets imposed on an already shrunken public sector.

Coproduction of Recreational and Cultural Services

The pride that Oaklanders take in their exceptional municipal museum and extensive park, recreation and library systems did not spare them from serious budget cutbacks. In fact, insofar as that pride has long been manifested as a strong tradition of voluntary service, city managers may have felt that these agencies were in relatively better position to replace their lost general fund revenues. (Or, as the city's Public Works director puts it: "There is no 'Friends of the Storm Sewers' group.")

The recreation center and playground staff has been reduced by half since 1978, including the loss of CETA workers. Staffed playgrounds have been reduced from 50 to 17, while the more comprehensive recreation centers have all been kept open with at least minimal staffing. Attendance at Office of Parks and Recreation cultural lessons has dropped by 45 percent since 1975 as the number of classes has fallen and the fees have risen. Library hours have been reduced by 20 percent, the book budget by 25 percent, and the staff by 22 percent since 1978. Museum general fund allocations have been reduced by similar amounts.

Each department has mobilized its constituencies in a somewhat different manner. The Oakland Museum has gone through three unusual episodes in the effort to develop a stable source of funds. First, in 1976 the city faced a smaller budget crisis, precipitated by underfunding of its pension fund. Cutbacks at the museum that year prompted its management to institute an entrance fee for the first time (25 cents at each of the three galleries.) Instead of raising

much money the fee cut attendance in half and occupied a large portion of the time of volunteers, who had trained for jobs more edifying than collecting tickets. Families were the main population segment deterred by the charge. The museum soon rescinded the fee, admitting that social equity, efficient use of volunteers, and architecture (meaning the numerous entrances) dictated their reversal.

Soon after Proposition 13 the Oakland Museum Association, a private citizen's group which raises funds, proposed that it take over the Museum from the city government. This prompted a major battle between the mainly white, upper class art and natural history enthusiasts who were convinced that a private Oakland Museum could raise more funds from the community, and defenders of the present arrangement who worried that the Ethnic Studies Department and the extensive children's education programs would be jeopardized by private control. Eventually the proposal was defeated. The OMA has continued in its familiar fundraising role, while more recent cutbacks have been less severe. The new director, appointed after the fracas, is a black museum administrator with a background in music and early childhood education.

The third episode has demonstrated the City of Oakland's novel use of tax laws as a device for raising capital in an era when Proposition 13 has restricted its bonding opportunities. In brief, the City has sold the Museum property, but not the land on which the building sits or its contents, to a group of East coast investors who will use it solely as a tax shelter. The investors

have leased the building back to the City, giving also an option to purchase it back in 30 years and an assurance that they will not involve themselves in Museum business. Meanwhile the City uses the money it received at the time of the sale as capital for rebuilding an adjacent civic auditorium. Since no attorney has yet found fault with the concept and initial public scepticism has faded, the City is hastily drawing up plans for similar sale/leaseback arrangements using other civic properties. This loophole may be closed before city hall is put up for sale, but at the moment the Internal Revenue Service is the only certain loser in this unusual privatization process.

The public library has been somewhat more conventional in its search for resources. The director, who is skilled at community outreach, has gradually over seven years built a strong constituency to defend the library against further cutbacks. She has proceeded with a long term reorganization plan and reoriented the institution to better serve the ethnic minorities who comprise over 60 percent of Oakland's population. The indexes of children's use of the libraries have remained constant despite the 20 percent cutbacks since 1978 referred to above.

This generally effective style of administration has encouraged people to volunteer and to raise funds for the library at an unprecedented rate. The library has received about $800,000 for special projects in each of the last two years from state, federal and corporate grants. Since the government sources are now shrinking, there will be pressure to increase the corporate portion in coming years.

The situation in the Office of Parks and Recreation (OPR) is much more diffuse than in the library or museum. This agency is in practice a set of semi-independent functional bureaus, and is also divided in geographic service areas and subareas. In fact, a principal problem for coproduction of OPR services has been the lack of effective coordination among the estimated 119 support groups of various kinds. It seemed as if every garden plot, playground and athletic activity already had an organization formed in its behalf by the time OPR established the "Find the Gold Committee and the Friends of Oakland Parks and Recreation in order to maximize voluntary efforts. The Find the Gold Committee was a largely ineffectual subcommittee of the Parks and Recreation Commission. As its name implies, the Committtee had staff draw up an inventory of voluntary maintenance contracts (residents' labor worth and estimated $58,000 per year), increased revenue from fees ($140,000) and grants and donation ($151,200). Unfortunately there is no baseline data with which to compare this 1982-83 level of activity. However, even if the voluntary activity had not increased substantially from years prior to Proposition 13, the act of accounting for it symbolized a more serious approach to managing it.

Friends of Oakland Parks and Recreation was established in 1981 by former staff and commissioners. The existing support groups were initially hostile to Friends, and the new organization's leaders may have courted that hostility by seeming distant and claiming a broad mandate to coordinate all volunteer efforts. More recently, Friends has begun to operate several modest programs of its own and

has not imposed on other groups' turf. Friends, which has over 100 members, has established camping and swimming scholarships, an adopt-a-park fundraising plan, a gifts catalog, and numerous smaller projects to restor services and facilities. The group's staff person, who had previously worked for a militant local community organization, has plans for a technical study of the fundraising potential in the city. Perhaps such a study would help, for as of Spring, 1983 the group had raised only $6,000, far short of their stated goals of $100,000 by the start of 1983 and $1 million by the end of 1985. Of more immediate concern is finding a new source of support for the staff person's part-time salary, since the Interior Department planning grant which has paid it will soon expire.

All three cultural and recreational departments have been actively seeking outside resources, then, each in its distinct fashion. Interest groups that existed before the fiscal crisis have dominated the voluntary components of parks and recreation and the museum, and in each case disputes have arisen concerning privatization and coproduction strategies. Only in the library were the volunteer efforts relatively free of conflict and duplication. Not surprisingly, that is the agency where the director had created the strongest connection between management and the active members of the community.

School Age Child Care: Finding Room for a New Priority

The needs of Oaklands children for care outside school hours have been partially addressed by the typical collection of agencies:

school district child development centers, family day care providers, recreation centers, Latch Key programs, and several local variations on the latch key theme. Even the library system has an informal agreement with juvenile authorities that their troubled preadolescents are better off "hanging out" in the library than on the streets. But even though all these institutions have some involvement with school-age child care, their aggregate commitment appears to be well below the city's needs. There are some structural barriers to any radical change in this situation.

In Oakland there are approximately 1740 formal school-age child care spaces, for a population of elementary school age children with no parents at home during the day that has been estimated at 10,000. Most of the 1200 subsidized spaces are in school district centers, for which state funding formulas make after-school care fiscally less attractive than all-day care (for preschoolers). If this budgetary pressure mounts, more of the centers may move to close their school-age component, as one did this year.

Half of the unsubsidized slots are at seven YMCA Latch Key program sites. There are usually waiting lists for each of the sites, all of which are in middle or upper income neighborhoods. In the long run they should be capable of expanding to several more centers.

Many of the remaining slots are in family day care homes, where the operator can provide for six or twelve children at a time, depending on the license. Family day care for school-age children is growing in California and is expected to expand even more quickly if regulations are redrawn to show more sensitivity to the capabilities of these older children.

Several independent educators and recreationists have sought to create new after-school programs for low income preadolescents in Oakland. One promising new institution is the 60-student After School Academy. The two year old Academy has a varied curriculum more like a school than a recreation program, but is not simply tutorial or remedial. The Bay Area's largest foundation has awarded the Academy $107,000 over three years. This works out to $600 per year per child at the present enrollment, or an amount approaching the rates charged by some Latch Key programs or family day care providers.

While the After School Academy's success is impressive, primary reliance on foundation grants cannot be a realistic strategy for most groups. Foundations in this field tend to favor innovative demonstration projects, and will usually require the grantee to present a reasonable plan for becoming self-supporting within a few years. Furthermore, the Academy's grant was five to ten times the size of the average grant given by the several other Bay Area foundations with a special interest in children and education.

The experiences of another youth program illustrate how difficult it can be to get established as a provider of after-school care. Wilfrey Sanders, a young black school-bus driver, had for several years been informally organizing weekend outings for neighborhood children and students from his bus route. He would simply pick a destination, get permission from the parents, borrow a school bus, and go. Expenses that the parents couldn't pay he covered himself. Eventually he decided that he should formalize his program, called Discovery Unlimited, and expand its range of after-school recreational and educational activities. The program

was intended to reach the poor, minority children who were not reached by schools, churches, recreation or other agencies. After several months of work on establishing the program, he was making only very slow progress. He was not sufficiently credentialed to easily convince school authorities of his qualifications and plans. Efforts at charging nominal membership fees and soliciting door to door had caused some of his supporters to leave the group. Fund-raising through meetings with community groups was a slow and uncertain process. Chances for foundation grants seemed remote, given the embryonic state of the organization. Hopefully the rigors of fundraising and program planning will not wear down the enthusiasm that sparked this idea initially.

Even for the best prepared, best credentialed groups, philanthropic money for children's services is scarce. Not surprisingly, child care advocates in Oakland have targeted the business community as a source of future financial support. An Oakland Community Child Care Impact Study is being conducted, with city council approval, by a local child care referral and advocacy collective. From previous studies the collective has learned that child care providers feel that lack of capital and suitable facilities are the primary barriers to their expansion. The Impact Study people believe that their survey will reinforce the argument that as redevelopment of downtown Oakland creates jobs, it also creates child care needs. They would like to see child care included routinely in the analysis of the social and economic impact of new projects. Once the notion of corporate responsibility for child care has been established, the Impact Study group may propose

that major employers contribute to a revolving loan fund. The fund would provide working capital for the creation of new privately-run child care for workers in downtown Oakland. Care for school age children could presumably be a part of this project, but employer-supported child care has to this point been predominantly for preschoolers.

We have described opportunities in Oakland for the development of school-age child care and related programs, and some of the obstacles to their development. Even when there is little chance of governmental funding for these programs, there are public policies, regulations, plans, and other activities that will raise or lower these obstacles in the years ahead.

Fundraising for Public Schools

Oakland and its autonomous enclave, the City of Piedmont, are home to two of the more successful educational foundations in the state. The two foundations are as dissimilar as the two cities.

Piedmont is a wealthy, predominantly white residential community of 10,000, in the hills of the East Bay, surrounded by the City of Oakland. The Piedmont school district, with just three schools, is usually considered to be one of the best in the state. Yet despite this private wealth, Piedmont schools in recent years have had to plan for the possibility of cutbacks that would increase class size and eliminate programs such as music and athletics, among other things. Given that most school revenues now come from the state government, and that Piedmont was a net loser in Serrano-inspired equalizations, many Piedmonters feel besieged by governmental forces beyond their control. The Educational Foundation has become a tangible expression of resistance, a way of reasserting local control.

The Piedmont Foundation has worked closely with the school administration and school board each year. The administration presents a priority-ranked list of cutbacks to the Board of Education, which modifies or accepts it following a public hearing. This becomes the "buy back list," and as money is raised by the Foundation, items are removed from the list--thereby reinstated in the budget.

Campaigns for the Foundation play on the small-town sensibilities of Piedmonters, and the fact that many can spare the tax-deductible donation easily. In 1982, 38 percent of the households in the city made donations, and $420,000 was raised. In 1983, the entire list was reinstated, with $38,000 to spare, for a total of $512,000. Fifty-nine percent of families with children in school donated to the campaign. The average donation was approximately $400. The amount raised was equivalent to eight percent of the district's budget.

Piedmont's homogeneity and general satisfaction with the school system permit such a good-natured and abundant campaign. Across the line in Oakland, neither the financial resources nor the political quiescence obtain that would allow such a fund drive on a citywide basis. There are extensive volunteer activities and fundraisers for special projects at school sites, of course. The hill area schools, adjacent to Piedmont in some cases, usually raise substantially more from their surrounding communities than lower income flatland schools.

The Marcus A. Foster Educational Institute (MAFEI) is usually mentioned in surveys of California educational foundations as the first of its kind. Foster was superintendent in 1973 when he

created the institute as a way of providing small grants to teachers for special projects of their own design. After Foster's assassination that year, the Institute was renamed in his memory. It has always been formally independent of the school district and guards its prerogatives carefully. The Institute is still run with the same basic goals of rewarding excellence and providing seed money for curricular and administrative innovations.

MAFEI's budget was $370,000 in 1982, or less than the Piedmont Educational Foundation raised that year from a city with only three percent of the population of Oakland. (A Piedmont-scale foundation in Oakland would have $17,680,000.) Clearly, since MAFEI is not attempting to restore district budget cuts, the comparison cannot be a direct one.

MAFEI already has strong representation of the business community on its board, and it plans to raise money more aggressively in that sector in the future. The school district itself will be asking more of the same local corporations, whether to "adopt a school" or provide input on curricula for job training relevant to their Oakland operation. Cornell Maier, chairman of Oakland-based Kaiser Aluminum, is head of the California Roundtable, whose widely quoted critical evaluation of the state's schools was recently released. Maier is on record as supporting higher school taxes, a position which more corporate and political leaders now seem to support than in recent years. It is a long way from "Prop 13 Fever."

Conclusions

In our review of coproduction and privatization in children's services there has been no lack of activity to describe and analyze. Indeed, there is an almost frenetic level of activity in some

communities. But for all the hundreds of innovations and mobilizations, the changes do not appear to have altered basic social and political relations, as some theories of privatization would seem to predict. There were no great debates about markets and consumer choice in services, no prominent expressions of alienation from governmental bureaucracy. There was very little criticism of the service professions. This does not mean that these issues are not important or will not come up in the near future, but rather that a non-ideological pragmatism has so far dominated post-Proposition 13 survival strategies for these services. Most of the trends we observed were closer to the idea of coproduction than to privatization in its purer forms.

This pragmatic activism has had some significant short-run benefits for children in California. There are some services available to them that otherwise would not be there. Having recognized this fact, we still need to understand the longterm implications of all this activism for social equity and the political process.

Notes

Methodological note: The evidence presented here is based on the accumulation of data about public and private programs in California over a five year period. In addition to a thorough review of published materials, this collection effort has included more than forty interviews with service providers and citizen activists in Oakland, San Francisco, and a number of suburban communities in the Bay Area. There is a cross-indexed file of several hundred newspaper and magazine accounts of changes in children's services since Proposition 13, based on a representative cross-section of the state's press. There are institutional records such as budgets and activity levels for each of the institutions described in the Oakland case study. Where data is not specifically cited it is from these interviews or derived from records passed on to us by the agency. Interviews were conducted by the author and by Phyllis Weinstock, Hedva Lewittes, and Elliott A. Medrich.

1. The most thorough treatment is Ruth Kramer Baden, Andrea Genser, James A. Levine and Michelle Seligson, School-Age Child Care: An Action Manual (1982, Boston, Auburn House)

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3. Victor Rubin and Elliott A. Medrich, "Children's Out-of-School Services and the Urban Fiscal Crisis" (1981, UC Berkeley Schools of Law and Education: A Report to the U.S. National Institute of Education)

4. League of California Cities Innovation Exchange Program, More Cutback Management (1981, Sacramento); California Taxpayers' Association, 477 Steps to Reduce Local Government Spending (1981, Sacramento).

5. League of California Cities, ibid. page 16.

6. Los Angeles Times, June 17,. 1983, "Parks and Their Programs Wither in Prop 13's Wake"

7. Patricia Clark,, "Beyond The Bake Sale" San Francisco Chronicle, California Living magazine, December 12, 1982.

8. Los Angeles Times, June 17, 1983, "Prop 13: Libraries Find Grass-Roots Support"

9. ibid.

10. These examples are given in Jeffrey L. Brudney, "Coproduction: The Potential For Respeonsiveness and Effectiveness in the Delivery of Urban Services" The Urban Interest, volume 4, number 1, Spring, 1982. Also see Richard C. Rich, "Interaction of the Voluntary and Governmental Sectors: Toward an Understanding of the Coproduction of Municipal Services" Administration and Society, volume 13, number 1, May, 1981.

11. Information from Oakland Tribune column by Steve Lopez, January 16, 1983.

12. Jeffrey D. Straussman, "Quasi-Market Alternatives to Local Government Service Provision" The Urban Interest, volume 3, number 1, Spring 1981.

13. Population and income data from Phyllis Weinstock, "Children's Out-of School Services: Case Studies of Fiscal Austerity", Department of City and Regional Planning, University of California, Berkeley, Professional report, June 1983. Data derived from various 1980 U.S. Census reports.